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UNFPA INTERNAL AUDIT AND OVERSIGHT ACTIVITIES IN 1999

Report by the Executive Director

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1. This report provides the Executive Board with a summary of internal audit and oversight activities of the United Nations Population Fund (UNFPA) in 1999. It outlines the key issues in the findings of internal audits and in the oversight activities of the UNFPA Office of Oversight and Evaluation (OOE). The report is being submitted in response to a request made by the Executive Board at its second regular session 1996.

I. ORGANIZATION AND RESOURCES

2. Under the provisions of UNFPA Financial Rule 114.18, the Executive Director has arranged with the Administrator of UNDP, for the internal audit services of the Fund to be undertaken by the UNDP Office of Audit and Performance Review (OAPR). The Executive Board may also wish to refer to the report of the Administrator of UNDP on internal audit and oversight activities (document DP/2000/21) which is being submitted at the present session.

3. The UNFPA Internal Audit Section became operational in May 1993 and consists of a Chief, one Audit Specialist and one support staff. Since July 1999 efforts have been made to strengthen the Section but for various reasons, including difficulty in identifying qualified candidates, the process has not yet been completed. As a result, the Section uses consultants and contractors to expand audit coverage. Six consultants were recruited by the Section during 1999.

4. The UNFPA Internal Audit Section is further augmented by services provided by commercial firms contracted by UNDP. The work carried out by these firms is under the supervision of the Regional Audit Service Centres in Harare, Zimbabwe, and Kuala Lumpur, Malaysia. A Regional Audit Service Centre was opened in 1999 in Panama to cover the Latin America and Caribbean region, and a contractor was identified to provide audit services to both UNDP and UNFPA in the region during the year. The contracted firms examine the annual accounts and conduct compliance audits, on a biennial basis in the cases of Africa and Asia and the Pacific, of all offices where a UNFPA Representative is assigned and of selected offices where the UNDP Resident Representative is also the UNFPA Representative.

II. INTERNAL AUDIT ACTIVITIES IN 1999

5. The internal audit activities carried out during 1999 include the following:

- Management audits in 7 country offices;
- Special audits in 2 country offices;
- Compliance audits in 14 countries in the Africa region undertaken by one public accounting firm;

- Compliance audits in 7 countries in the Asia and the Pacific region undertaken by one public accounting firm;

- Compliance audits in 5 countries in the Latin America and the Caribbean region undertaken by one public accounting firm;

- Evaluations of 1998 audit reports for projects executed by Governments and non-governmental organizations (NGOs) for about thirty countries and six international NGOs and follow-up with countries that had not submitted audit reports or for which some reports were missing.

6. In the Africa region, difficulties were experienced following a merger of the contractor with another public accounting firm. In particular, the delivery of reports by the contractor during 1999 did not meet expectations. Consequently, numerous reports on audits undertaken in 1999 will be issued during 2000. The evaluation of audit reports under national execution could not be completed due to constraints in staff resources in view of other work priorities in the Section.

7. The annual audit work plan of the UNFPA Internal Audit Section was developed in close consultation with the OOE. The work plans of the Section and of the OOE were coordinated, and the Section work plan was revised periodically to reflect special audit requests and changing circumstances that arose during the year.

8. In order to enhance the quality of its services, OAPR continued the programme of quality service initiatives (QSI) during the year. The QSI aim to improve the way OAPR conducts its business, including improvement in the outputs of the Section. In that context, OAPR issued guidelines on client service standards for the conduct of audits, on dissemination of audit, investigation and management audit reports and on information sharing. Some of the initiatives were part of a continuous process that led to improved practices and results in the operations of the UNFPA Internal Audit Section. The Section was very involved in the above process during 1999. Staff development is important for OAPR to meet current challenges in the profession. In this respect, during 1999 the staff received training on the Integrated Management Information System (IMIS).

9. OAPR and particularly the Section offered advisory services to UNFPA units. Some services were solicited by the units while others were initiated by the Section following management audits. For example, the Section provided comments on the draft of the Fund's revised Finance Manual. A document called Internal Control Considerations was finalized by the Section with the assistance of OOE for use in country offices. The management audits

provided valuable information to strengthen the internal control structure and performance of UNFPA.

III. PRINCIPAL AUDIT FINDINGS AND FOLLOW-UP ACTIONS TAKEN

10. Of 28 audit reports issued in 1999 (including seven reports of 1998 audits), the level of internal controls and the compliance with financial and administrative requirements were found to be satisfactory in half of the offices audited. Two offices were rated seriously deficient, five offices were deficient and five offices were marginally deficient. Listed below is the distribution of recommendations by functions:

Area	No. of recommendations
Programme matters	200
Financial operations	61
Personnel administration	90
General administration	173
Office automation	76
Total	600

Summary of key issues

11. The following is a summary of issues, classified by subject, raised by the auditors and contractors. It should be emphasized that the observations apply only to some and not to all the audited units. Audit findings are closely reviewed by UNFPA at the most senior level and follow-up actions are undertaken by the concerned parties and monitored by the respective divisions and OOE. The issues listed are being followed-up.

Closure of operationally completed projects

12. After a concerted effort, nearly 1,800 projects were closed in 1998 and 460 in 1999. In addition, some 800 projects have been identified as "inactive" and are in the process of being closed. Despite these efforts, in several audits it was reported that projects operationally completed had not been financially closed within twelve months after activities had been completed. Delays were incurred in meeting project closure requirements due to late response from the executing agencies, discrepancies between the office and headquarters records and lack of follow-up by some offices. Timely closure of operationally completed projects continues to be highlighted in field-headquarters communications and by headquarters programme staff during country visits. The Finance Branch is regularly flagging "dormant" project accounts for review by programme units in an effort to accelerate closure actions.

Documentation of policies and procedures

13. The completion of a consolidated set of policies and procedures is under way. Most of the Policies and Procedures Manual consisting of the Organizational Handbook, the Programme Manual, the Administrative and Personnel Manual, the Finance Manual and Additional Guidelines and Guidance Notes has been revised. The Administrative and Personnel Manual is being completed and the revised Finance Manual will be issued shortly. In addition, draft guidelines on the collaboration with the private for profit sector have been distributed.

14. Some sections of existing manuals need to be further developed and action is being taken in this regard. For example, audits indicated that UNFPA was providing grants under projects, yet prerequisites to qualify for grants had not been established and the Programme Manual did not provide guidance in this area. Also, the Manual did not delineate reporting requirements under subcontracts and deletion of equipment from inventory following disposal of equipment. In an effort to address these issues, revised guidelines on subcontracts and grants were reviewed by the Fund's Policy and Planning Committee and a further draft is being prepared for discussion and approval.

Advances to UNFPA staff and project staff

15. Some audits showed that advances were made to office and project staff to cover expenses for seminars, advocacy and media coverage and expenses for special events. These advances were not always accounted for in a timely manner or at all and several of these cash payments could ideally have been made by cheque. In addition, a record of advances was not kept, as these advances were charged to the projects as expenditure, in accordance with standard practice. On 26 August 1998, a circular was issued by UNFPA headquarters to all staff to address this issue.

Special audits

16. Special audits were carried out in two country offices during the year which resulted in two disciplinary reports being issued in one case and one in the other case. Additional disciplinary reports pertaining to the latter case will be issued in early 2000.

17. In the case of one of the two special audits, a management letter was issued in addition to the two disciplinary reports. It pointed, inter alia, to the use of project personnel for core functions assigned to the office and noted that some project personnel providing services to projects were charged to the wrong projects and project funds were used to procure equipment for core staff.

18. In the second special audit, significant non-compliance was found in respect of UNFPA Financial Rules and Regulations and procurement guidelines, particularly in connection with the execution of construction components. Due process is being followed in pursuance of appropriate disciplinary and managerial actions.

Organization and staffing

19. In the organization and staffing area, the findings showed that in some offices the absence of a UNFPA-appointed Representative resulted in inadequate supervision. In other offices there was insufficient capacity to support effective programme delivery. In four country offices, project staff were assigned to carry out core functions in addition to providing direct support at project offices/sites. It is recognized that the thin staff resources in most country offices are inadequate to support national execution and there is a need to supplement, at least on a temporary basis, country office capacity to discharge this role. This is particularly so in the context of a programme/subprogramme approach when backstopping needs to be provided for the coordination and management of clusters of projects rather than for single projects. For this reason, the Fund is in the process of further elaborating guidelines for the use of National Professional Project Personnel (NPPP) to meet the technical and managerial needs of national execution in coordination with United Nations Development Group (UNDG) partners.

Programme

20. In the programme area, findings include the need to strengthen monitoring and reporting on projects. This includes the need to carry out and document field monitoring visits and prepare annual project reports. In some cases, audit reports for projects executed by Governments and NGOs had not been received in accordance with the guidelines. In a few cases, Letters of Understanding and project documents had not been signed prior to the commencement of project activities. Differences, in some cases material, between the balance of the Operating Fund Accounts in the field and at headquarters had not been reconciled. An inventory of non-expendable equipment was not available for projects in some offices.

21. Other findings include the lack of follow-up by some offices on issues identified in audits of nationally executed projects. In two offices the amount approved in the country programme by the Executive Board for the project audits had been exceeded. The Executive Director will conduct a country-by-country review of expenditures versus allocations in 1999 to gain an understanding of the difficulties encountered.

Finance

22. In the finance area, the findings include that the Status of Allotment Reports had not been sent to headquarters within 15 days of the end of each quarter and that physical and accounting

controls over petty cash funds were inadequate. Some offices had not recovered the sales and service taxes from which UNFPA is exempt. There were some cases in which payments had been made in advance of delivery of goods without supporting documentation or justification in the purchase order/contract. Hospitality expenses were not always made in accordance with the guidelines.

Administration

23. In the area of general administration, the findings include that a physical inventory had not been taken and consequently offices may not have been aware of misappropriated or missing items. Equipment in the custody of the office had not always been included in the office inventory. In a few offices there were some shortcomings in the procurement procedures followed: a lack of segregation of duties, wherein established checks and balances procedures may not have been strictly applied; quotations for equipment and services had not been obtained; receiving and inspection reports were not prepared; and procurement of equipment and services in excess of $70,000 had not been consistently submitted to the Contract Review Committee at headquarters. Shortcomings were also found in regard to the management of official vehicles. Services provided by UNDP in the field, particularly in the finance and administration areas, were not always documented nor covered by an agreement with arrangements for remuneration. Efforts to address this issue and formalize all such arrangements are currently being pursued. The provision of common and shared services should in future be conducted under guidelines being developed by UNDG and should be subject to the signature of a standard Memorandum of Understanding.

24. Other findings are that monthly inventory reports had not always been submitted when acquisitions or disposals of equipment had taken place. In some offices, travel services were not covered by a contract and the offices had not attempted to negotiate better terms for travel together with other United Nations agencies. Telephone usage was not adequately monitored, and the costs of personal telephone calls were not systematically recovered. In some cases, controls over petrol were weak.

25. UNFPA headquarters provides guidance and advice on all such matters and indicates appropriate measures which need to be taken to redress the deficiencies identified. Issues and problems that may arise repeatedly are included in all procurement training and briefing of country office personnel. Issues such as the return of receipt and inspection reports have been covered by specific circulars. Practical guidance on vehicle management is provided in chapter 2 of the UNDP Manual on operations management, which UNFPA country offices are directed to apply.

Personnel

26. In the area of personnel administration, it was reported that the Performance Appraisal Review process was not always carried out in accordance with the guidelines. Staffing tables were not updated and forwarded to headquarters on a quarterly basis or were incomplete. Shortcomings were also found in the maintenance of leave records. Other findings refer to occasional inappropriate use of Special Service Agreement contracts and insufficient documentation for overtime payments. In a few cases, staff members, generally drivers, worked overtime in excess of the monthly limit.

Office automation

27. In the area of office automation, findings pertain to limitations in backup and hardware maintenance arrangements and the lack of a disaster and recovery plan. Duplication of efforts due to the lack of interface between the United Nations Field Office System (UNIFOS) and the Window version of Field Office Accounting System (WINFOAS) and inadequate use of anti-virus software was also noted. In a few instances, licenses were not available for the software being used and lapses in internal controls such as use of passwords was noted. It should be emphasized that some of the shortcomings occurred prior to the issuance of the new Management Information System (MIS) guidelines that address the relevant issues. The MIS guidelines specify measures for disaster recovery and backup. Country offices have electronic access to the guidelines through the Bulletin Board System. Maintenance arrangements through UNDP and other United Nations agencies are encouraged. Country offices have been instructed not to use unauthorized copies of software, and licences for use of a number of software, including anti-virus software, are obtained by headquarters. An interface between UNIFOS and WINFOAS is now available and steps have been taken to avoid a duplication of efforts and UNDP instructs its field offices to use the interface.

Implementation of audit recommendations

28. Country offices in Africa and in Asia and the Pacific have been audited regularly on a biennial basis since 1997. It has been a standard item in the audit programme to examine the implementation of previous audit recommendations. A review of audit reports issued in 1999 indicates that 80 per cent of the offices audited more than once since 1997 had fewer than four outstanding recommendations. In most cases, the outstanding recommendations had been partially implemented or were either not economically possible or difficult to implement in light of the programme cycle.

Follow-up missions

29. In 1999 UNFPA conducted three on-site reviews of the appropriateness of the measures taken in two country offices and in one Country Technical Services Team (CST) office to implement the auditors' recommendations. Overall, offices made good progress in implementing the auditors' recommendations and were found to be on track for improvement.

Special reviews

30. In follow-up to the management letters issued by the United Nations Board of Auditors concerning UNFPA operations and analyses of audit and other review reports, the OOE undertook a few special studies in 1999 to provide senior management with more in-depth knowledge on the management of cash advances, the use of grants and subcontracts in UNFPA-supported programmes and UNFPA-managed construction projects. These studies were additional to the regular reports prepared by the OOE on trends in audit observations that are discussed by the Executive Committee.

31. The analysis of the management of cash advances revealed that the effectiveness of cash management varies by region and by execution modality. It was found that a small number of projects account for a relatively large share of net total outstanding advances for NGO-executed projects and that these were concentrated in the intercountry programme and projects managed by three offices. Similarly, a small number of projects accounted for a relatively large share of net total outstanding advances for government-executed projects. The findings of this study enabled programme management units to monitor closely the use of advances in those countries that exhibited shortcomings in this area in the past.

32. A study on grants and subcontracts revealed that existing guidelines are vague and need to be clearer to facilitate internal controls. At the same time, it was noted that country offices and programme managers have made good efforts to monitor the use of funds through these modalities. The use of grants and subcontracts in combination with UNFPA execution could significantly distort reporting on execution modalities, thereby exaggerating the volume purportedly executed by the Fund. As a result of the study, as noted above, efforts are under way to elaborate more detailed guidelines for the use of grants and subcontracts.

33. The desk study on UNFPA-managed construction projects indicated that although such activities continued to be a very small share of annual programme expenditures, past practices posed cause for concern. It was found that country offices did not always comply with procurement procedures in contracting for construction and that in the current decentralized environment there was little information at headquarters about the use of funds allocated to construction projects. It was highlighted that there was a need for more explicit policy guidelines regarding the advisability and conditions for UNFPA execution of construction, with

due recognition that this may be a high-risk undertaking. With a view to elaborating such guidelines, a survey was conducted among all country offices to gather data on UNFPA support of construction. Such data will serve as the basis for policy-making in this area. In the interim, to redress potential problems in this area, the authority to approve construction activities by UNFPA execution has been delegated to the Deputy Executive Director (Policy and Administration) alone. Regardless of the execution modality, the UNFPA Country Representative is required to submit all proposed construction requirements for approval by headquarters, upon approval of the country programme by the Executive Board. Approval may then be given on a case-by-case basis.

IV. ANALYSIS OF MID-TERM REVIEWS

34. The OOE undertook in 1999 a desk review of the mid-term reviews (MTRs) of UNFPA-supported country programmes that had taken place during 1997-1998. Only eight MTRs (in Benin, Chad, Zimbabwe, Indonesia, Pakistan, the Philippines, Turkey and Honduras) were conducted during this period, due to the small number of country programmes which started in 1994-1995, coupled with the fact that some programmes with shorter duration did not conduct an MTR. The process of the MTRs and their findings and recommendations were examined in order to monitor trends and changes in programme performance and management and to identify substantive and operational issues for consideration by relevant offices. The analysis benefited from the rapid assessment of 1998 MTR processes conducted by the Fund's Geographical Divisions to review the use by country offices of new guidelines issued in late 1997.

MTR process

35. The review period saw a mixture of MTR processes, due to the change in programme guidelines introduced in late 1997. This contributed to variations in the length and content of the background document and the format of the MTR. Some of the country programmes were developed according to the old work plan categories. For these programmes, the MTR was the occasion to reorient the programme in line with the new priority areas of reproductive health, population and development strategies, and advocacy. The participatory nature of the MTR was well established, involving the Government, UNFPA headquarters, CSTs, NGOs, United Nations agencies and other donors. This, however, sometimes led to a long MTR process of up to one year. The tendency to conduct an MTR later than the mid-point of the programme cycle was due to the fact that some programmes did not become fully operational until the second year of the programme period. The MTR process has proved to be an excellent forum for open discussion and the close involvement of stakeholders in planning the subsequent phase, i.e., to lay the foundation of the Country Population Assessment (CPA) that follows thereafter.

36. It should be noted that the MTR has become an integral part of the programme development process and the recommendations emanating from the MTR are a point of

departure for the CPA process. As a result, programme development is not a fragmented process and benefits from the situation analysis, programme evaluation and adjustments that occur at the time of the MTR. The involvement of headquarters is important in the MTR process and has produced positive results. MTRs that recommended extension of the programme duration and/or additional funds were submitted to headquarters for decision. It was noted that such submission was not always timely, and in one case the approved expenditure authority for regular resources had already been exceeded at the time of the MTR. The documentation was not uniform and sometimes did not contain sufficient information to justify an increase in the programme level or an extension. The need to elaborate more detailed guidelines on the MTR process is being addressed and will take into account the effort under way with UNDG partners to develop procedures for joint MTRs. Summarized below are the key findings and recommendations drawn from the eight MTRs with regard to priority programme areas, strategies, programme design and programme management and coordination.

MTR findings and recommendations

37. Availability of reproductive health services to couples and individuals. The shift from maternal and child health/family planning (MCH/FP) to the broader reproductive health focus has occurred at least at the conceptual level in all eight countries reviewed. Some Governments made specific efforts to introduce reproductive health elements in the assessment of the quality of services, to identify components to be included in the reproductive health service package, and conducted a reproductive health baseline survey. In the eight countries where MTRs were undertaken many training courses had been organized, although the content was on limited aspects of reproductive health and/or basic knowledge of sexual and reproductive health and rarely covered skills necessary to translate knowledge to practice. In a number of project sites, UNFPA support for increased contraceptive availability and improved contraceptive logistic management had contributed to rising contraceptive prevalence rates. At the operational level, while progress is being made in making a package of reproductive health services available, there are many challenges and constraints. The eight MTRs found that UNFPA-supported programmes needed to accelerate the shift from MCH/FP to a reproductive health focus and, in that regard, assistance to Governments needed to be enhanced.

38. A number of reasons were identified for the slow progress in operationalizing the reproductive health approach. They include vertical government administrative structures and parallel service programmes, limited collaboration among different departments within the Ministry of Health and between the Ministry of Health and other partners, limited communication between the central office and local offices, legal barriers and the lack of a national reproductive health strategy and/or programme, social and cultural barriers that inhibit open discussion about gender, sexuality and reproduction, and low awareness of the content and significance of the Programme of Action of the International Conference on Population and Development (ICPD) among lower-level national counterparts with responsibility for operational

matters. Most of the eight MTRs agreed on the need to strengthen the programme focus on reproductive health, except for one case where it was decided to keep the focus on family planning to consolidate gains rather than broaden assistance to other reproductive health areas.

39. In the eight programmes reviewed, various MTR recommendations were made concerning HIV/AIDS, ranging from promoting more effective coordination between the Government, civil society and UNFPA, to adapting different approaches and strategies which would focus more on various groups of high-risk populations. These recommendations were in line with those of the thematic evaluation of UNFPA-supported HIV/AIDS interventions.

40. Access to reproductive health care among youth and adolescents. In many of the eight programmes reviewed, most of the clients served were married women of reproductive age, and access to reproductive health care for unmarried youth and adolescents was limited. Attempts were made to reach youth and other target groups through engaging NGOs and this effort led to reduced incidence of reproductive health problems among youth in one country. In other countries, however, adolescent reproductive health programmes focused on middle- to high-income youth in school and provided only information and education but not contraceptives. In spite of a higher adolescent pregnancy rate among the less educated, an out-of-school strategy was absent. To address the tendency to group youth/adolescents as one homogeneous group, the MTRs called for strategies that would target different adolescent groups and would link education and services and form a part of broader social development efforts.

41. National capacity building for policy development, research and analysis of population data. In this area, the MTRs found that the focus had been on strengthening the technical capacity of institutions to conduct research, analyse data, and produce a reliable demographic data base for formulation of population and reproductive health policies and programmes. The most often cited problem in this area related to the utilization of data. Some programmes collected large volumes of data on clients served, but the data were not fully used by project management or local planners, or shared among Government institutions and NGOs. A few reports noted specific outputs such as disaggregation of data by sex and age.

42. Gender equality and empowerment of women. In the eight countries where MTRs were undertaken, UNFPA contributed to increased media coverage of gender issues and was instrumental in effecting the passing of several bills protecting women, their health and reproductive rights. In spite of these specific achievements, much less attention was paid to mainstreaming gender concerns in other projects and programmes. It was felt that the concept of gender was not fully understood by most of those involved in project development, management and implementation. Gender issues continued to attract minimal resources/efforts in some countries. Progress has been slow in involving men in reproductive health programmes. Gender training modules tended to focus on creating awareness rather than on enabling trainees to undertake gender analysis. Tools for integrating gender concerns into policies and programmes

were not included. Two of the eight MTRs recommended that all subprogrammes be reviewed to ensure that the programme as a whole integrates gender concerns. One other MTR recommended that a standard methodology for undertaking gender analysis be developed.

43. Advocacy. In the eight programmes reviewed, various advocacy strategies were used to gain the support of stakeholders in programme areas. It was too early to assess their relative effectiveness at the mid-point of the programmes, as many activities were still at the development stage. However, advocacy for the concept of reproductive health services seemed to have produced positive results among high-level Government officials. Some bottlenecks cited were the lack of technical expertise among project staff in advocacy and communication skills.

44. Programme design. The eight country programmes reviewed were developed before the logical framework approach was introduced. Some of the programmes had attempted to recast their projects into subprogrammes. Understandably, linkages and coordination among subprogrammes and projects were limited and little synergy among them was discernible. Implementation arrangements and coordination mechanisms for subprogrammes were not always well articulated. One MTR questioned the efficacy of allocating a large amount of funds to several projects using the same approach without first testing its effectiveness. Another review cautioned against multiple fragmented, localized pilot or demonstration projects without a clear plan for assessment or replication at the national level.

45. Programme management and coordination. In the eight programmes reviewed, limited national capacity, including understaffing of counterpart agencies and their multiple responsibilities, affected programme implementation. When projects were decentralized, the lack of qualified technical staff at provincial and district levels often posed a problem. National capacity for programme management, internal and external coordination remained limited. This, combined with the sometimes complex national administrative structure, made the use of the national execution modality difficult in many countries. Monitoring and supervision by the Government and UNFPA were not always adequate. At times documentation and reporting did not include sufficient information on results. In some cases there was a lack of local-level data to measure progress and outcomes, particularly when projects operated in dispersed geographic areas. The dissemination and utilization of project findings and outputs in new programme/project development need to be enhanced. Many of the eight MTRs identified the need to strengthen coordination, not only among Government ministries but also among United Nations agencies and other donors, for effective programme management.

Recommendations arising from the MTR analysis

46. The desk review of the eight MTRs led to many useful recommendations. Regarding the MTR process, a speedier MTR process was called for with briefer, more analytical documentation of performance based on the logical framework (logframe) approach, focused on

the programme as a whole rather than individual projects. For new country programmes formulated after 1998 using the logframe approach, the MTR process is expected to be facilitated and strengthened by the use of indicators and baseline data identified at the programme design stage. With regard to programme areas, it was recommended that a gradual shift to a broader reproductive health programme be carefully planned with the Government to reflect the priorities and realities of the country; that conscious efforts be made to include gender-related purposes and/or outputs in the logframe, so that gender concerns would not be overlooked during implementation and monitoring; and that advocacy on the ICPD Programme of Action be continued, including to target programme managers and provincial/district level partners. In the area of programme management, it was recommended that UNFPA should continue to strengthen the capacity of its staff and Government counterparts to monitor and evaluate, using indicators. Feedback mechanisms should be established to disseminate information and findings. A programme monitoring plan should clearly indicate responsible parties and frequency of data collection with respect to the indicators identified in the logframe. It was also recommended that UNFPA urge the Government to take more proactive managerial responsibility for nationally-executed projects and to remove legal, structural, operational and administrative bottlenecks. It was emphasized that UNFPA should facilitate access by country offices to updated financial data so that they could strengthen financial monitoring and make optimal use of scarce resources.

V. POLICY APPLICATION REVIEWS

47. In 1999, the OOE conducted policy application reviews of four country programmes and continued to follow-up on the implementation of recommendations of policy reviews conducted in previous years. These reviews, which are internal exercises, examine in depth the process of programme development and implementation in order to ascertain that appropriate mechanisms to ensure accountability are in place and are being used by UNFPA staff. In addition, steps taken to achieve the Fund's mission, particularly in promoting the implementation of the ICPD Programme of Action, are also reviewed, together with the country office's role in the United Nations resident coordinator system. The reviews also assess the relevance and ease of application of UNFPA policies and procedures and identify areas where greater clarity in programme policy and technical guidance are needed.

48. The findings of these reviews not only provide senior management with snapshots of how selected country offices are performing their managerial and advisory roles, but also serve as a conduit for field staff to provide feedback on the nature and quality of support they require and receive from the CSTs and UNFPA headquarters. In addition, these exercises provide input into the continuous review and assessment of the Fund's policies and procedures. The Executive Director, in consultation with the Executive Committee, determines the follow-up needed in response to each review. Responsible parties in the field or at headquarters, as appropriate, are designated and the concerned divisions are accountable for the implementation of follow-up action related to specific programmes, thematic or financial/administrative areas and for

reporting on the outcome of these efforts. The OOE is responsible for monitoring and reporting on follow-up actions at the Fund-wide level.

49. Since 1995, UNFPA has conducted 23 of these reviews including the four conducted in 1999. Following each review a report is prepared which contains country-specific recommendations as well as recommendations which have more general or Fund-wide application. In addition to feedback usually provided by concerned divisions and country offices regarding measures taken to address the country-specific issues raised in the reviews, the OOE requests an update on the implementation of the recommendations within approximately one year of the completion of the exercise. To date, all concerned country offices have systematically provided the requested updates. Judging from the comprehensiveness of the information provided and the concrete measures put in place to address the issues raised in the reports, it is evident that the recommendations have in most cases been treated very seriously. Country-specific recommendations have ranged from office management, to programme development, monitoring and evaluation, compliance with administrative procedures, ICPD advocacy, NGO collaboration and donor coordination.

50. Regarding fund-wide recommendations, policy application reviews have proven to be invaluable in the process of continuous review and assessment of the Fund's policies and procedures. The findings of the reviews conducted during 1995-1997 for example, served as major inputs into the new Policies and Procedures Manual published in late 1997. The Fund's policies on poverty alleviation, advocacy and South-South collaboration, were among those identified by the reviews as requiring clarification and subsequently have been addressed in the Manual. Likewise, policy application reviews also identified the need for new guidelines on the operationalization of the programme approach, cost-sharing, programme development, appraisal and approval, as well as guidance on the use of indicators in the Fund's three priority areas. These issues have been addressed in the Programme Manual.

51. Since the publication of the Programme Manual, policy application reviews have identified topics which require further clarification or attention either in the form of training programmes or new policy directives. Operational issues identified by the policy application reviews conducted in 1997 and 1998, for which further instructions have been or are being prepared, include the use of NPPP in UNFPA-supported programmes, mainstreaming of gender concerns in programmes, and the use of private funding in support of country programme activities. The need to streamline and adjust UNFPA procedures to facilitate inter-agency collaborative programming is being pursued through the Fund's participation in the relevant UNDG subgroups. The reviews have also provided insight on some of the common difficulties experienced by country offices in using the logical framework approach as a programme planning and monitoring tool. This information has been used by the Training Branch to tailor refresher training in the logframe methodology. In addition the Technical and Policy Division (TPD), OOE and the Training Branch undertook some preliminary activities in 1999 to prepare

better guidance for country offices in the appropriate selection of indicators for monitoring programme performance.

52. Of the four policy application reviews conducted in 1999, two were in the Africa region and one each in Asia and the Pacific and the Arab States regions. For the first time the reviews included two programmes not covered by a UNFPA-appointed Representative. Both were in category "A" countries with ongoing comprehensive country programmes covered by a UNFPA-appointed Country Director based in another country. In one case, the review covered a three-year period, which included two years without and one-year with a UNFPA-appointed Representative. The other country continues to be covered by a Country Director based in another country.

53. In the four programmes reviewed in 1999, the country offices had promoted the implementation of the ICPD Programme of Action through the UNFPA-supported programme as well as through special activities related to the preparations for the ICPD+5 review and appraisal. Beyond that, the role of the UNFPA country office varied significantly from country office to country office. In one country the UNFPA country office played a very prominent role in advocating the inclusion of gender, adolescent concerns and the reproductive health approach in the programmes of partners as well as in ensuring the inclusion of reproductive health components in the basic services package being developed under the country's health sector reform process. In another case, perhaps due to country office staff turnover, ICPD promotion was primarily limited to discrete public events such World Population Day and AIDS day. In the two countries not covered by a UNFPA-appointed Representative, the promotion of ICPD had not been vigorously pursued beyond the activities built into the programme itself, due primarily to lack of capacity in a very small office.

54. All of the country offices reviewed were collaborating with NGOs in the implementation of the ICPD Programme of Action. This collaboration included project execution by national and/or international NGOs in all of the programmes reviewed. In at least two of the four countries the country offices had organized special meetings with NGOs to discuss ways to strengthen collaboration in the promotion and implementation of ICPD. As part of these efforts, in one country the country office attempted to facilitate the establishment of an NGO consortium in the area of reproductive health, in an effort to encourage NGOs to work together. In two countries, political sensitivities surrounding NGO collaboration were significant.

55. In three of the countries included in the reviews, the United Nations resident coordinator system was quite active and coordination and collaboration had increased significantly over the last two years. It was noted that UNFPA participated as a full partner, and was generally viewed as an accessible and a committed team player. In one country, however, perhaps due in part to an unstable national situation, United Nations coordination, including the Fund's participation therein, was not adequate, as was donor coordination more generally. In another country,

UNFPA was well recognized for its very active role in broader donor coordination in the population field. Given the Fund's relatively small-sized field presence, its active participation in theme groups in three of the countries resulted in a heavy additional workload for the respective country offices. In the countries without a UNFPA-appointed Representative the even smaller field presence further constrained the Fund's ability to participate.

56. With regard to resource mobilization, one country office had been successful in mobilizing sizeable amounts of donor funding as well as a Government cash contribution equal to 10 per cent of the programme. One other country office had mobilized large donor contributions, whereas the remaining two had mobilized nominal amounts.

57. Although the programmes for the most part adhered closely to the approved programme framework, in one country some deviations were noted. Although the deviations from the original country programme were found to be justified, and the departure was more of form than of substance, the findings prompted the Executive Committee to decide that the consultative procedures and documentation required for programme changes need to be made more explicit in the UNFPA guidelines. The reviews also revealed that the modalities for bridging or "pre-project" activities as well as the treatment of activities carried over from one programme cycle to another also needed to be clarified. Informal guidance on this issue has been provided to country offices. This will also be included in the guidelines in the future.

58. Three of the four country offices reviewed had developed programmes after the new programme guidelines were issued in 1997. These guidelines include, inter alia, use of the logframe approach and full decentralization of programme approval authority to the field. Government counterparts and other stakeholders interviewed during the review process in these three countries expressed their satisfaction with the participatory processes employed in programme development. National counterparts generally professed full ownership of the programme and its component projects.

59. As regards the application of the logframe approach, country offices found the approach to be useful and indicated that the training provided had facilitated its application. However, the reviews also revealed that the selection of indicators to monitor the achievements of the outputs attributable to UNFPA-supported programmes continues to present difficulties. Three of the four programmes reviewed will need to continue to refine this aspect. In addition, it was noted that whereas the logframe approach has been relatively well understood as a programme planning tool, it was not effectively used in monitoring and evaluation. As a result of these and other findings, OOE and the CST evaluation focal points have established an Evaluation Network with the purpose of promoting improved monitoring and evaluation practices throughout the UNFPA. Items on the Network 2000-2001 work plan will include the development of tools to strengthen programme monitoring and evaluation.

60. All four country offices made use of the Project Appraisal Committee, but its role varied from country to country. Constraints to effective use of this mechanism were noted in the countries where there was no resident UNFPA-appointed Representative.

61. UNFPA had a significant role in programme execution in all four countries. Whereas procurement of equipment and supplies constituted the largest component of UNFPA execution, other components, including project personnel, were also executed, in some instances by UNFPA, due to limited government capacity and a lack of other alternatives. In one programme, project staff constituted the largest budget component under UNFPA execution. Two programmes had significantly reduced UNFPA execution of non-procurement components during the course of the last year. In a third country where national capacity for project execution was limited and where UNFPA had played a major role in execution, the Fund's role in execution was replaced by an international NGO in the succeeding cycle. This change, however, was not without difficulties due to the Government's preference for UNFPA execution. The reviews also found that even in projects where UNFPA was not designated as executing agency, the country offices were usually heavily involved in supporting national execution.

62. The four policy application reviews found that the country offices had made extensive use of short-term national consultants, especially for country population assessments, evaluations, and technical studies. Three of the programmes also had used the NPPP mechanism. Rules were usually followed for the recruitment of such personnel, but performance assessment of national project staff, including consultants, was found to be unsystematic in most instances. As a result of these findings, steps have been taken to clarify the appropriate rules and procedures in this regard and to monitor their application.

63. Although the amount of procurement handled by the country offices varied, bidding and other procedures related to procurement were usually satisfactory. Umbrella projects were found useful for responding to unanticipated requests and, in general, to be used for the intended purposes.

64. Overall, it was evident that the small staff in country offices had difficulty in coping with the increased substantive and managerial demands of decentralization and inter-agency collaboration. These difficulties were compounded by staff turnover and delays in filling of vacancies in some instances. Perhaps as a result of these constraints, field monitoring of projects by the country office staff was in general found to be sporadic. Improvements could be made through more systematic and proactive preparation of monitoring plans for the programmes. In addition, increased and improved training opportunities of national staff in technical areas was identified as a need in the four country offices. The roles and duties of country offices, and their capacity, and training requirements are being reviewed and solutions proposed as part of the ongoing work force planning exercise.

65. Although the reviews of countries without a UNFPA-appointed Representative have been limited to the two conducted in 1999, findings suggest that the Fund may have unrealistic expectations of programme countries without a UNFPA Representative and with a very small staff. In addition, it was found that there was a need to further clarify the roles of the Country Director and UNFPA Representative in countries without a UNFPA-appointed Representative.

VI. RECOMMENDATION

66. The Executive Board may wish to:

(a) Take note of the present report;
(b) Express support for strengthening the internal audit and oversight capacity of UNFPA.

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